

Assembly Bill No. 2252

Passed the Assembly July 3, 2014

Chief Clerk of the Assembly

Passed the Senate June 30, 2014

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 17325 to the Family Code, relating to child support.

LEGISLATIVE COUNSEL'S DIGEST

AB 2252, John A. Pérez. Child support payments: electronic fund transfer: qualifying accounts.

Existing law obligates a parent to support his or her child. Existing law establishes the Department of Child Support Services within the California Health and Human Services Agency, which administers all services and performs all functions necessary to establish, collect, and distribute child support. Existing federal law, in connection with child support enforcement agencies, requires the state to implement a state disbursement unit for the collection and disbursement of payments under support orders, including electronic processes for receipt of payments from parents, employers, and other states, and for electronic disbursements to custodial parents and other obligees. Existing state law establishes within the Department of Child Support Services the State Disbursement Unit and the California Child Support Automation System. Existing law requires the California Child Support Automation System, which includes the State Disbursement Unit, to provide timely and accurate payment processing and centralized payment disbursement from a single location in the state.

This bill would, if child support payments are directly deposited to an account of the recipient's choice, require that the payments only be deposited to a qualifying account, as defined. The bill would prohibit a person or entity that issues a prepaid card or maintains or manages a prepaid card account from accepting or facilitating the direct deposit of child support payments to a prepaid card account that does not meet the requirements of a qualifying account.

The people of the State of California do enact as follows:

SECTION 1. Section 17325 is added to the Family Code, to read:

17325. (a) (1) Notwithstanding any other law, if child support payments are directly deposited to an account of the recipient's choice, as authorized under the federal Electronic Fund Transfer Act (EFTA) (15 U.S.C. Sec. 1693 et seq.), the payments may only be deposited to an account that meets the requirements of a qualifying account, as defined in paragraph (2), for deposit of child support payments.

(2) For purposes of this section, a "qualifying account" is one of the following:

(A) A demand deposit or savings account at an insured financial institution in the name of the person entitled to the receipt of child support payments.

(B) A prepaid card account that meets all of the following:

(i) The account is held at an insured financial institution.

(ii) The account is set up to meet the requirements for passthrough deposit or share insurance so that the funds accessible through the account are eligible for insurance for the benefit of the person entitled to the receipt of child support payments by the Federal Deposit Insurance Corporation in accordance with Part 330 of Title 12 of the Code of Federal Regulations, or the National Credit Union Share Insurance Fund in accordance with Part 745 of Title 12 of the Code of Federal Regulations.

(iii) The account is not attached to any credit or overdraft feature that is automatically repaid from the account after delivery of the payment.

(iv) The issuer of the card complies with all of the requirements, and provides the holder of the card with all of the consumer protections, that apply to a payroll card account under the rules implementing the EFTA or other rules subsequently adopted under the EFTA that apply to prepaid card accounts.

(3) A person or entity that issues a prepaid card or maintains or manages a prepaid card account that does not comply with paragraph (2) shall not accept or facilitate the direct deposit of child support payments to the prepaid card account.

(b) For the purposes of this section, the following definitions shall apply:

(1) "Financial institution" means a state or national bank, a state or federal savings and loan association, a mutual savings bank, or a state or federal credit union.

(2) "Issuer" means a person or entity that issues a prepaid card.

(3) “Payroll card account” shall have the same meaning as that term is defined in the regulations implementing the EFTA.

(4) “Prepaid card” or “prepaid card account” means either of the following:

(A) A card, code, or other means of access to funds of a recipient that is usable at multiple, unaffiliated merchants for goods or services, or usable at automated teller machines.

(B) The same as those terms or related terms are defined in the regulations adopted under the EFTA regarding general use reloadable cards.

Approved _____, 2014

Governor